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SUBJECT: The French EU Presidency on Agriculture - A Retrospective

REF: 2008 PARIS 1240

Introduction and Summary

1. The French EU Presidency advanced a number of ambitious goals regarding agriculture and biotechnology. Final results, while falling short of these goals, increased attention on societal preferences and the legitimacy of establishing biotech-free zones. The recently completed "Health Check" reform of the Common Agricultural Policy (CAP) allows Member State (MS) governments more latitude in allocating agricultural subsidies and preserves a number of market management tools, even though many are unlikely to be used in the short term. The French EU Presidency had hoped to secure a joint commitment on the long term objectives of the CAP, but failed to get unanimous support and France's initiative to gain legitimacy for the consideration of so-called societal preferences in dealing with imports likewise failed to get full Ag Council support.

2. On biotechnology, the Council of Environmental Ministers unanimously adopted a document that lays the groundwork for broadening biotech reviews in terms of increased MS involvement in assessment and monitoring, and for eliciting input from a wider range of scientists and other stakeholders. The Council also urged the Commission to establish an adventitious presence threshold for seeds. While the societal preference issue failed to get traction in the Ag Council, the Environmental Council under the French Presidency adopted language encouraging MS to gather socio-economic data on biotechnology for further discussion. End Summary.

Health Check of the Common Agricultural Policy (CAP)

3. The Agricultural Council of November 19 and 20 agreed to modest reforms of the Common Agricultural Policy known as the "Health Check" reform. The package, which is less ambitious than the initial Commission proposal, was nonetheless hailed by French Ag Minister Michel Barnier as a positive achievement. Barnier emphasized that the tools established by the Health Check reform allowed MS to allocate EU subsidies more equitably, particularly between crop and animal production. However, the reform is likely to drive a wedge between arable crop growers, who do not want to see their support lowered, especially a time of lower crop prices, and animal producers.

Post 2013 CAP

4. France initiated a debate on the goals and the nature of the

Common Agricultural Policy after 2013 at an informal Ag Ministerial in Annecy, France, in September and pursued the issue in the Ag Council. A revised text on the issue referred to the importance of the CAP Health Check emphasizing that any conclusion would not prejudice the future discussion of the EU budget post - 2013. New references to environmental issues, innovation and the public goods delivered by agriculture were introduced. The Presidency had hoped to secure a joint commitment on the long term objectives of the CAP before talks on the post - 2013 budget begin. (Note: EU budget discussions, which will start in 2010, are to be voted upon by 2012. End note.) The French document, which initially advocated strong farm and market support policies after 2013, did not get a unanimous vote from all 27 MS, with the UK, Latvia and Sweden opposing it, even after France agreed to remove the reference to Community Preference (code for increasing protectionism), farm market stabilization and farm income protection from the document. Because of the lack of unanimity, the significantly diluted text became a simple Presidency Conclusion instead of a Council Conclusion. French officials believe the Czech Presidency will continue the discussion in 2009, albeit a slower pace, due to upcoming EU Parliamentary elections and the change of the Commission by November 2009.

Discussion on Imports

15. At the start of the French Presidency, Ag Minister Barnier presented the Agricultural Council a text on imports of agricultural and food products (REFTEL). The document contains three elements: the need for enforcing, through inspection, a strong sanitary and phytosanitary policy; the need for strong risk management for imports; and the need to implement societal criteria and collective preference in dealing with imports. While the first two elements

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were supported by all MS and were discussed in COREPER, the third element proved to be contentious. The conclusion of the December 18 and 19 Agricultural Council reaffirmed the EU strong commitment to the international trade regime. It also invited the EU Commission to promote European standards and regulatory criteria within international standards organizations, to explore the impacts on EU trade of standards differences between the EU and its trade partners and to analyze, as a basis for further discussion, how international trade rules can interact with EU societal concerns. The wording of this last sentence is not binding on the Commission.

Biotechnology

16. One of the priorities of the French Presidency has been to harmonize and better coordinate the European system for reviewing biotech products among the MS. At a December 4th EU Environment Council meeting, Ministers discussed biotech issues based on the work of an ad hoc working group created under the French Presidency. The unanimously-adopted conclusions of this Ministerial recognize the importance of:

a) Strengthening environmental assessment and monitoring arrangements: This proposal encourages several MS, rather than just one (as is current practice), to participate in biotech product pre-marketing reviews. Impacts on non-target species, long-term effects and ecological impacts of Genetically-Engineered (GE) products in affected regions were identified as areas where more MS involvement is needed. In addition, the Council emphasized the importance of unifying MS monitoring of GE crop production. The EU Commission plans to implement an online monitoring system whereby MS and the Commission will share monitoring information.

b) Appraising socio-economic benefits and risks: points out that the Commission is to submit a specific report on the implementation of Directive 2001/18/EC on the deliberate release into the environment of GE products, including an assessment of the socio-economic implications, and invites MS to collect and exchange information on socio-economic implications by January 2010 with a view to the Commission submitting a report by June 2010 for further discussion in the Council and the Parliament.

c) Making better use of expertise: encourages broader involvement in

considering specific national or regional characteristics and a broadening of disciplines (e.g. ecology) in risk assessment.

d) Adopting European labeling thresholds for seeds: reaffirms the need for labeling thresholds for the adventitious presence of authorized biotech products in conventional seeds, and invites the Commission to adopt appropriate thresholds as soon as possible. (Note: For the first time since 2006, the EU Council identified the EU labeling threshold for the adventitious presence of authorized biotech products in seeds as a priority. This issue has languished for years without a consensus between the Commission and MS. According to the French Ministry of Environment, the EU Commission will publish its threshold proposal in the next few months after it receives the results of an impact study.)

e) Sensitive and/or protected areas: emphasizes the need to consider specific regional and local characteristics of value in terms of biodiversity.

In addition, the Environmental Council underscored the legitimacy of establishing biotech-free zones based on the precautionary principle and freedom of choice.

16. Comment: France can be expected to continue to pursue many of the above-detailed ideas, especially those related to legitimizing the consideration of societal preferences in trade-related decisions. Both December Ag and Environmental Council meetings adopted language that would allow the French to continue to press on this issue. End Comment.